

including such approvals as may be required by regulatory bodies and other lenders.

(b) The RUS Notes shall be prepaid at a closing to be held in accordance with the prepayment agreement; *Provided, however,* That no closing may be scheduled for after September 30, 1987. At closing, a borrower shall prepay the RUS Notes by paying to the Government an amount equal to the Discounted Present Value of the RUS Notes. The closing shall otherwise be conducted as prescribed in the prepayment agreement.

**§ 1786.61 Other prepayments.**

RUS loan documentation generally permits borrowers to prepay RUS Notes by paying the outstanding balance due thereon. Nothing in this subpart shall prohibit any borrower from prepaying its outstanding RUS Notes in accordance with the terms thereof. The provisions of this subpart shall not be applicable to such prepayment.

**§§ 1786.62–1786.74 [Reserved]**

**Subpart D—RUS Privatization Demonstration Prepayment Program for the State of Alaska**

AUTHORITY: 7 U.S.C. 901–950b; Pub. L. 99–591, Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

SOURCE: 52 FR 2395, Jan. 22, 1987, unless otherwise noted. Redesignated at 55 FR 49250, Nov. 27, 1990.

**§ 1786.75 Purpose.**

This subpart contains the general regulations of the Rural Utilities Service (RUS) for implementing section 311 of the RE Act which, in certain circumstances, permits loans made by the Federal Financing Bank (FFB) and guaranteed by the Administrator of RUS to be prepaid by RUS Alaska borrowers using private capital with a 90 percent guarantee.

**§ 1786.76 Policy.**

It is RUS policy to carry out this privatization demonstration program in a manner which will minimize the loan guarantee exposure to RUS and the administrative burden on RUS.

**§ 1786.77 Definitions.**

For the purpose of this subpart:

*Administrator* means the Administrator of RUS.

*Discounted Present Value* shall have the meaning specified in § 1786.82(a).

*Existing Loan Guarantee* means a guarantee of payment issued by RUS to FFB pursuant to the RE Act.

*Fees* means any fees, costs or charges, incurred in connection with obtaining the Refund Loan used to make the prepayment including without limitation, accounting fees, filing fees, legal fees, printing costs, recording fees, trustee fees, overheads of the borrower, underwriting fees, capital stock purchases, or other equity investment requirements of the Private Lender.

*FFB* means the Federal Financing Bank, an instrumentality and wholly-owned corporation of the United States.

*FFB Loan* means one or more advances made by FFB on a FFB Note.

*FFB Note* means a promissory note executed in favor of the FFB by a borrower and guaranteed by RUS pursuant to section 306 of the RE Act (7 U.S.C. 936).

*Guarantee* shall have the meaning specified in § 1786.79.

*Internally Generated Funds* means money belonging to the borrower other than: (1) Proceeds of loans made or guaranteed under the RE Act or (2) funds on deposit in the cash construction trustee account maintained pursuant to the terms of the RUS loan agreement;

*Loan Guarantee Agreement* means the written contract by and among the Private Lender, the borrower and the Administrator setting forth the terms and conditions of a Guarantee issued pursuant to the provisions of this subpart.

*Mortgage* means the mortgage and security agreements by and among the borrower and RUS, as from time to time supplemented, amended and restated.

*Private Lender* shall have the meaning set forth in § 1786.80(b).

*RE Act* means the Rural Electrification Act of 1936 (7 U.S.C. 901–950b), as amended.

*REA* means the Rural Electrification Administration formerly an agency of